

m/053/005



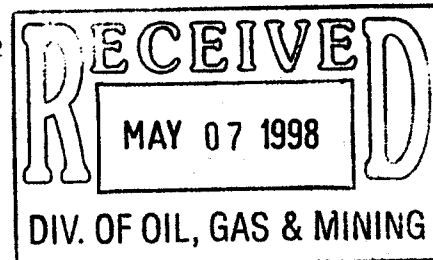
UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

DIXIE RESOURCE AREA

345 E. Riverside Drive
St. George, Utah 84790

Phone (435)688-3200 · Fax (435)688-3252



In reply refer to:
3809
UTU-68572
(UT-045)

May 5, 1998

Wayne Hedberg
Utah Div. of Oil, Gas, and Mining
1594 West North Temple, Ste. 1210
Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Hedberg:

We have reviewed the "USMX Goldstrike Mine Draft Permanent Closure Plan, April 1998" you sent to us on April 15, 1998 and have several comments which need to be addressed during the preparation of the final document. Depending on how significant the changes to the part of the project on Federal lands are, additional NEPA documentation may also be required.

Land disposal/attenuation is acceptable under the Utah Cyanide management plan. The Hamburg Pit, proposed site of attenuation, is on the patented claims - therefore the BLM will not need to authorize it; although we would appreciate the opportunity to review the design of the attenuation field.

When comparing the meteoric water mobility test data (table 3.5) to some of the background and upstream samples collected during the flood events over the life of the mine, it appears the pad sample doesn't release significantly more than what occurs naturally in the flood events.

On page 11 of the plan (3.4 Hamburg Backfill), the plan states that Northern Exploration (should be North Mining) did not encounter water in the Hamburg Pit. However, water is documented seeping from the Basin pit wall, adjacent to the Hamburg Pit. This seepage is still going on, and was noticed during my April 1998 inspection. Therefore, mobile groundwater does occur in the area, and needs to be considered. During discussions on the mine site, it appears the water is seeping from the fault zone. The Hamburg Pit was excavated on the same fault zone so there is the potential for the effluent from the leach field to enter the fault at some time and then migrate along it.

I need maps showing the final grade proposed for the leach pad #2 and plant site, and the amount of topsoil to be spread. The pipes which will lead to the attenuation field also need to be shown. I recommend the existing seed mix be required. If the grading, soiling, etc. will be significantly different than accepted in the existing plan, then additional NEPA documentation will be required.

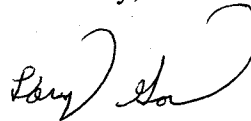
In Removal of Physical Facilities (section 5.0) no mention is made of testing the pond residues ,liners, and clay under the liners for cyanide and heavy metal contamination, and removing any contamination from site if necessary. This was required in the Plan of Operations, and will be required by the BLM.

In the Long Term Monitoring and Final Release section (section 6) , the "acceptable results" for which the samples will be tested need to be specified.

In the Long Term Monitoring and Final Release section (section 6), they propose to test quarterly until a series of four samples achieves acceptable results, and then stop sampling. The BLM Cyanide Management Plan requires a minimum of 5 years of monitoring, regardless of results; and longer monitoring may be required if testing shows it is warranted. This needs to be incorporated into the plan.

If you have any questions, please contact me at 435-688-3205.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Gore', with a large, sweeping flourish extending to the right.

Larry Gore
Geologist



918 Seventeenth Street
Denver, CO 80202

m/053/005

May 20, 1998

Ms. Mary Ann Wright
Acting Division Director
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: State of Utah Division of Oil and Gas & U.S. Department of Interior, BLM & USMX
of Utah, Inc., Certificate of Deposit :

Dear Ms. Wright:

Please find enclosed a cashier's check in the amount of \$798,304.66 representing the remainder of the proceeds from the above referenced certificate of deposit. The face amount of the certificate of deposit was \$800,000.00, interest accrued through May 20, 1998 was \$7,824.66 and a penalty for early withdrawal was assessed in the amount of \$9,520.00. Please do not hesitate to contact me at (303)585-4216 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Lauren L. Cooper".

Lauren L. Cooper
Senior Portfolio Assistant
Energy Industries Division

llc/

enclosure

cc: Joe Kircher - USMX of Utah, Inc.
Larry Gore - U.S. Dept. of Interior - BLM

0910

OFFICIAL CHECK
REMITTER

THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK.
THE FRONT OF THE DOCUMENT HAS A MICRO-PRINT SIGNATURE LINE. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.

usbank

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69-35/519

REDEMPTION OF CD#394310392474
PRESENT FOR PAYMENT WITHIN 6 MONTHS OF THIS DATE.

DATE MAY 20, 1998

PAY TO THE
ORDER OF UTAH STATE DIV OF OIL, GAS & MINING

\$798,304.66

U.S. Bank 798,304.66 cts

NOTICE TO CUSTOMERS

As a condition to this institution's issuance of this check, purchaser agrees to provide an indemnity bond prior to the refund or replacement of this check in the event it is lost, misplaced, or stolen.

ISSUED BY: TRAVELERS EXPRESS COMPANY, INC.
DRAWEE: ONE VALLEY BANK N.A. CHARLESTON, WV

DRAWER: U.S. BANK

AUTHORIZED SIGNATURE

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